


Since its establishment in 1916, Meiji Seika Kaisha, Ltd. has contributed to emphasizing the taste experience and zest in life. Through our food and pharmaceutical operations, we have long played a part in helping people lead happier and more fulfilling lives.

Best known as Japan's leading manufacturer of chocolate products, the Food & Healthcare Company is recognized as a source of dreams and good food and helps

# Aiming to Be a More Competitive and Dynamic Company



people lead healthy lifestyles. The Pharmaceutical Company concentrates on providing anti-infectives and central nervous system drugs for the treatment of diseases, and it has a growing line of

generic drugs. By continuing to expand these two businesses, we are determined to use our wealth of technology to contribute to healthy living.

As an organization that is closely linked to the preservation of good health and life, Meiji Seika will continue to fulfill its social obligations and remain a source of products that help its customers lead fulfilling lives while adhering to the highest ethical standards. At the same time, under the current medium-term business plan, we will work to raise our corporate value and become an even more competitive and dynamic company.

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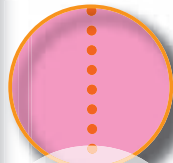
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### Forward-Looking Statements

This report contains forward-looking statements regarding the Company's plans, outlook, strategies and results for the future that are based on management's estimates, assumptions and projections at the time of publication. Certain risks and uncertainties could cause the Company's actual results to differ materially from any projections presented in this report. These risks and uncertainties include, but are not limited to, the domestic and international economic circumstances surrounding the Company's businesses, competitive activity, related laws and regulations, product development programs and changes in exchange rates.

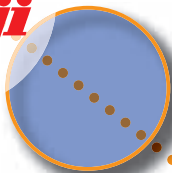
**To help people lead happier and more fulfilling lives by emphasizing the taste experience and zest in life.**

**Good taste  
and Fun,  
Health  
and Reliability**

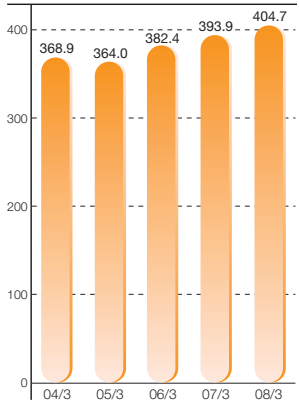


Based on this philosophy, we provide products, services and information in the business domains of food and pharmaceuticals. We are active in the fields of confections, food, medical care, healthy living, agriculture and veterinary medicine and the environment.

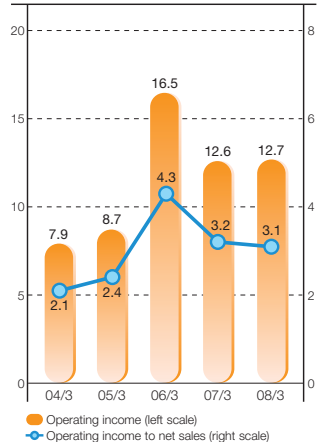
**Open!  
Meiji**



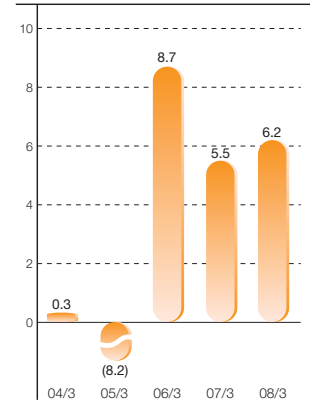
**Net Sales** (¥ Billions)



**Operating Income and Operating Income to Net Sales** (¥ Billions / %)



**Net Income (Loss)** (¥ Billions)



# Constant Pursuit of a New Sense of Good Taste in Food Business



KAJU GUMMY

## Food

As Japan's market for confectionery products matures, Meiji Seika is taking various actions to establish leading positions for major products in their respective market categories. Our goal is to use this base to offer consumers a new sense of good taste and fun. Vital to achieving these market-leading positions is a total marketing strategy that combines activities involving products, advertising and in-store activities.

To enhance our product lineup, we seek to identify needs that consumers themselves have not yet recognized. This stance allows us to develop products a half step ahead of these emerging needs.

Establishing and executing a total marketing strategy is a collective effort involving planning, manufacturing, marketing, sales and other departments at Meiji Seika. For each product category, we form a team that spans all these functions. This approach allows us to create effective strategies by drawing on the expertise of many departments.



ALMOND CHOCOLATE



MILK CHOCOLATE



XYLISH CRYSTAL MINT



KARL

# \*TOPICS

## 100% Chocolate Cafe.

Meiji Seika opened its “100% Chocolate Cafe.” in December 2004 for the purpose of creating a “chocolate wonderland” that can provide information about the culture of chocolate.

For over three years, the cafe has consistently offered new ideas for ways that customers can enjoy chocolate. The cafe sells 56 types of chocolate made from distinctively flavored cacao beans from 18 countries. Customers can also select from a different flavored chocolate each day of the year, and enjoy fresh chocolate, unique chocolate drinks and many other menu items. In December 2006, the cafe began e-commerce business, providing people throughout Japan with fresh ideas for enjoying chocolate. Additionally, the cafe amasses valuable customer feedback for use in developing the Company’s new products.



Clearly communicating each brand identity to customers is a key role of advertising activities. We carefully select media that match the image of each product as well as current market trends. This makes it possible to tell the public about the features of our products along with our commitment to “Good taste and Fun, Health and Reliability.”

Attractive and highly appealing sales areas are essential to promoting our products in stores. To accomplish this, we make extensive use of “diamond sales.” Under this sales method, teams made up of Meiji Seika sales, marketing and product planning professionals develop ideas for attractive sales areas and special events. The team then submits these ideas to retailers. We will continue to develop products that anticipate new consumer needs and take on the challenge of entering new business fields. All these activities will be guided by the core themes of making products for adults, contributing to good health, supplying high-quality products and supplying products that reflect the increasing need in Japan for products made for individual consumption. Through these initiatives, we are determined to add more value to the Meiji brand.

# Healthcare

Meiji Seika is taking advantage of its technologies and reputation for trust gained over the years through its core food and pharmaceutical businesses to develop healthcare into a new core business. In Japan, lifestyles are changing as the population ages and people become more interested in preserving their health. Our healthcare business concentrates on creating products that match these consumer needs. Our goal is to further strengthen this business by placing priority on the themes of beauty care and health, sports and health and good taste and health.

In the beauty care and health category, we renewed and enlarged the lineup of AMINO COLLAGEN products, which has become the leader in the collagen-based drink market. This makes it even easier for customers to enjoy the benefits of collagen. In the sports and health category, our protein supplement SAVAS is one of Japan's most widely used nutrition supplements among top athletes. We take steps to heighten the appeal of this product and reinforce the SAVAS brand. Concerning good taste and health, we sell THEOBRO, a premium cocoa, and GINZA CURRY and other retort-pouch products.

In the over-the-counter (OTC) drug category, we sell a variety of products that help people stay healthy. Our lineup includes ISODINE, Japan's leading brand of anti-bacterial and disinfectant products.

We began a full-scale e-commerce business for healthcare products in 2004. By developing products specifically for e-commerce and establishing a membership system, we plan to expand this business into a stable source of earnings in the future.

Meiji Seika's operations in the healthcare domain are backed by many strengths that competitors cannot match. One is an R&D organization capable of creating high-quality products. Another valuable strength is knowledge involving nutrition and fitness that we have gained over many years of assisting top athletes. We intend to establish a new business model with good health at the nucleus by integrating and leveraging these and other strengths.



AMINO COLLAGEN



SAVAS



ISODINE



AROMAX



POKKA LEMON 100

# TOPICS



## Meiji Seika and POKKA Form Alliance

Meiji Seika and POKKA CORPORATION established a business and capital alliance in January 2008. The two companies believe that synergies produced across all of their business operations will help increase their corporate value.

Meiji Seika has expertise in developing new confectionery and food products and in ingredients for food products that have specific health benefits. POKKA is skilled in the marketing and development of new beverages. By combining their respective strengths, the two companies plan to jointly create new types of health and nutrition beverages and specialty beverages. The alliance will also allow Meiji Seika to sell products using POKKA vending machines. Additionally, this partnership is expected to make manufacturing activities more efficient, lower distribution expenses and produce many other benefits.

# Dedicated to Helping People Lead Healthy Lives

# Conducting Extensive Development-Based Sales Activities

## Institutional Foods Products

Meiji Seika supplies a diverse selection of foodservice products that include carefully chosen, quality items from around the world. Our lineup extends from basic ingredients to finished products in the confectionery and food categories. We draw on technologies based on 90 years of experience in research, development and manufacturing activities. With these resources, we can conduct a foodservice business that utilizes a global network to function much like a trading company.

We conduct extensive development-based sales activities. One facet is the creation of new flavors that match changing consumer preferences. These activities also include combining ingredients that can be easily processed with new materials. In addition, we can offer fresh ideas for products that offer greater convenience for our customers. We sell foodservice products mainly to producers of confectionery and food products, wholesalers, restaurant operators and retailers.

The diverse customer base and growing scale of foodservice operations are proof that Meiji has become an even more trusted brand in the foodservice market.



# Playing a Part in the Health of People around the World

Anti-infective  
HABEKACIN



Our pharmaceutical business started in 1946 when we began producing penicillin, and since then, we have been helping keep people healthy by supplying numerous outstanding drugs primarily for the treatment of infectious diseases and disorders of the central nervous system.

We launched STREPTOMYCIN, a treatment for tuberculosis in 1950, KANAMYCIN, which became Japan's first antibiotic used on a global scale in 1958, HABEKACIN, the first drug in Japan for methicillin-resistant *Staphylococcus aureus* (MRSA) infections in 1990, and MEIACT, an oral cephalosporin antibiotic that features superior efficacy in 1994. These and other accomplishments further solidified our position as a leading manufacturer and marketer of antibiotics.

Anti-infective  
MEIACT



We started selling the anti-anxiety drug MEILAX in 1989 and Japan's first anti-depressant DEPROMEL, classified to SSRI, in 1999. These two drugs made a big contribution to treating the increasing number of individuals in Japan with mental problems as shifting social conditions create more stress. In 2005, DEPROMEL became the first drug approved for the treatment of social anxiety disorder in Japan.

Anti-anxiety  
MEILAX



Anti-depressant  
DEPROMEL



Since 1995, Meiji Seika has been concentrating on expanding the generic drug business ahead of its competitors by applying knowledge gained from developing and selling new drugs. In 2005, we established a new organization to build



# TOPICS

## Activities to Increase Awareness and Understanding of SAD

DEPROMEL became Japan's first drug for the treatment of social anxiety disorder (SAD) following the 2005 approval for this indication. As the co-developer of this drug, Meiji Seika conducts a number of activities to raise public awareness of SAD.

Individuals with SAD experience intense anxiety when interacting with other people that can even result in sweating and abdominal pain. This often interferes with jobs, marriage and other social activities, preventing individuals from leading a normal life. But until recently, this problem was frequently viewed as a personality problem rather than a medical disorder in Japan. Early detection and appropriate treatment of SAD is essential because, in some cases, it can lead to depression or alcoholism. We would like to make more people suffering from SAD aware that they have this disorder and help them receive treatment. For this purpose, we operate SAD-NET, a web site devoted exclusively to this disorder, and started a SAD call center for patients and potential patients. We are determined to use these activities to give the public a better understanding of SAD.



## List of Products under Development

(As of June 30, 2008)

Development Code	Indication and Notes	Stage
<b>Antibacterial Agent</b>		
ME1211	<ul style="list-style-type: none"> <li>● The world's first oral carbapenem (treatment of respiratory tract infections)</li> <li>● The double blind comparative study is in progress now</li> </ul>	NDA Submission
ME1036	<ul style="list-style-type: none"> <li>● Injectable carbapenem antibiotic (treatment for MRSA and other serious infections)</li> <li>● Now in Phase I trials in North America</li> </ul>	Phase I (US)
ME1071	<ul style="list-style-type: none"> <li>● The world's first metallo-<math>\beta</math>-lactamase inhibitor with the clinical benefit</li> <li>● Injectable co-administration drug with cephem or carbapenem antibiotics (treatment for metallo-<math>\beta</math>-lactamase producing G(-) bacteria)</li> </ul>	Preclinical Study
<b>Anti-depressant</b>		
Org3770	<ul style="list-style-type: none"> <li>● Japan's first anti-depressant anti-anxiety with a new mechanism (NaSSA)</li> </ul>	NDA Submission
<b>Others</b>		
ME3738	<ul style="list-style-type: none"> <li>● Treatment for hepatitis C (indication for prevention of death of liver cells, indication for control of immune system)</li> <li>● Now in Phase II trials used in combination with peginterferon</li> </ul>	Phase II
ME3301	<ul style="list-style-type: none"> <li>● Anti-allergic drug</li> <li>● Considering a licensing partner</li> </ul>	Phase II

DEPROMEL (75mg tablet) and HABEKACIN (200mg injection) were launched in June 2008.

an operating base, which consolidates necessary functions of planning, R&D and marketing in the generic business field. We continue to focus more on quality, provision of information, and stable supply of products, than ever before. We also will work on expanding this business by focusing primary on our core business domains: infectious diseases and central nervous system disorders.

In agricultural chemicals, our core product ORYZEMATE, a fungicide that protects rice against blast, remains the best seller in the rice paddy category more than 30 years after its introduction. Agricultural chemicals play a key role in helping to ensure a safe and stable supply of food. In a move to further expand this business, we applied for approval of a new herbicide in November 2006. If approval is granted, this product will enable us to establish an even broader base of operations for agricultural chemicals.

For veterinary drugs, we are concentrating on drugs for companion animals with the goal of reinforcing our position as one of Japan's leading suppliers of veterinary drugs.



Agricultural chemical  
ORYZEMATE



# Global Operations

## Food & Healthcare Company

This company is expanding its operations outside Japan by concentrating on three core activities: exports, overseas manufacturing and sales, and the sale in Japan of imported products bearing well-known brands.

Export operations continue to expand steadily. This business mainly involves sales of chocolate and other confectionery products and healthcare products like AMINO COLLAGEN throughout the world.

Import operations are also posting sales growth. Major imported products that we sell in Japan are the chocolate products of Kraft Foods Inc., which are made in Europe, pretzels made by Snyder's of Hanover, Inc. in the United States, and the luxury chocolates produced by Belgium-based Bruyere that are imported exclusively for the Valentine's Day season.

In the United States, our operations include wholly owned subsidiary D.F. Stauffer Biscuit Co., Inc. and its wholly owned subsidiary Laguna Cookie Company Inc., which is well known for its ANIMAL CRACKERS and other products.

In China, joint venture GUANGZHOU MEIJI CONFECTIONERY CO., LTD. has been manufacturing and selling confectionery products, chiefly the YAN YAN line of dip-stick snacks, since 1993. To increase sales in China, we established a wholly owned sales and marketing subsidiary called Meiji Seika (Shanghai) Co., Ltd. in 2004. This was followed by the August 2006 start of production activities at Meiji Seika Food Industry (Shanghai) Co., Ltd. These two companies give us an integrated production and sales infrastructure in China for our core chocolate products.

In Southeast Asia, wholly owned subsidiary Meiji Seika (Singapore) Private, Limited is engaged mainly in the manufacture and sale of products bearing the YAN YAN, HELLO PANDA and PUCCA brands. This company exports its products to other Asian countries as well as to the United States, the Middle East, Oceania and other regions. Group companies in this region also include joint ventures Five Stars Dairy Ingredients Pte. Ltd. in Singapore, PT CERES MEIJI INDOTAMA in Indonesia and Thai Meiji Food., Co Ltd., all of which play a role in raising the profile of the Meiji brand in this region.

In Europe, we provide technical assistance to United Biscuits, of the United Kingdom, which sells products made using our know-how throughout Europe.



ANIMAL CRACKERS



④ D.F. Stauffer Biscuit Co., Inc.



⑤ Laguna Cookie Company Inc.



⑥ Meiji Seika (Singapore) Private, Limited



⑦ PT CERES MEIJI INDOTAMA



⑫ GUANGZHOU MEIJI CONFECTIONERY CO., LTD.



⑬ Meiji Seika (Shanghai) Co., Ltd.



PUCCA, HELLO PANDA and YAN YAN



⑭ Meiji Seika Food Industry (Shanghai) Co., Ltd.



- Office
- Food and Healthcare Company
- Pharmaceutical Company
- Other

### Overseas Offices and Subsidiaries

- ① Meiji Seika Kaisha, Ltd., Head Office
- ② Meiji Seika Kaisha, Ltd., Madrid Office
- ③ Meiji Seika Kaisha, Ltd., Beijing Office
- ④ D.F. Stauffer Biscuit Co., Inc.
- ⑤ Laguna Cookie Company Inc.
- ⑥ Meiji Seika (Singapore) Private, Limited
- ⑦ PT CERES MEIJI INDOTAMA
- ⑧ Cecilia Confectionery Pte. Ltd.
- ⑨ Five Stars Dairy Ingredients Pte. Ltd.
- ⑩ Thai Meiji Food., Co Ltd.
- ⑪ Meiji-Four Seas Co., Ltd.
- ⑫ GUANGZHOU MEIJI CONFECTIONERY CO., LTD.
- ⑬ Meiji Seika (Shanghai) Co., Ltd.
- ⑭ Meiji Seika Food Industry (Shanghai) Co., Ltd.
- ⑮ PT. Meiji Indonesian Pharmaceutical Industries
- ⑯ Thai Meiji Pharmaceutical Co., Ltd.
- ⑰ Tedec-Meiji Farma, S.A.
- ⑱ Mabo Farma, S.A.
- ⑲ Shantou Meiji SEZ Pharmaceuticals Co., Ltd.
- ⑳ Meiji Lukang Pharmaceutical Co., Ltd.
- ㉑ Meiji Seika Europe B.V.
- ㉒ Comercio e Industria Uniquimica Ltda
- ㉓ Beghin Meiji
- ㉔ Mecor. Inc.



⑮ PT. Meiji Indonesian Pharmaceutical Industries



⑲ Shantou Meiji SEZ Pharmaceuticals Co., Ltd.



⑯ Thai Meiji Pharmaceutical Co., Ltd.



⑳ Meiji Lukang Pharmaceutical Co., Ltd.



⑰ Tedec-Meiji Farma, S.A.



MEIACT

## Pharmaceutical Company

Overseas operations began in 1954 with the export of antibiotics. Today, Meiji brand drugs such as MEIACT and FOSMICIN are sold in more than 60 countries.

As the scale of overseas operations grew, we established PT. Meiji Indonesian Pharmaceutical Industries in 1974 and Thai Meiji Pharmaceutical Co., Ltd. in 1979. Both companies produce and distribute human and veterinary drugs in their home countries and export some drugs to Japan and other countries. In

China, we established Shantou Meiji SEZ Pharmaceuticals Co., Ltd. in 1989 to manufacture and distribute antibiotic products. In 2004, we established Meiji Lukang Pharmaceutical Co., Ltd. to support our growth in China and serve as a production base for fermented drugs. In Europe, Spain-based Tedec-Meiji Farma, S.A., which was established in 1991, provides a base for our growth in Europe.



## Food & Healthcare Company



### Production

■ We are currently extending the Meiji Production System (MPS) to all Group factories in order to respond more accurately to shifts in consumers' preferences and in product distribution needs. MPS is structured to manufacture high quality products while holding down both production and distribution expenses. MPS accomplishes this through the fundamental policy of supplying products to customers while producing only what we need, when needed and in the required volume.

We are also dedicated to selling products that are as fresh as possible. This is why we are building a weekly production and sales system along with a highly efficient distribution network. In the past, our manufacturing operations played a passive role by merely filling orders. By using MPS, our factories are instead playing an active role in providing customers with fresh products while minimizing inventories. With this framework, we can respond to customers' needs with much more flexibility.

### Quality Control

■ Our mission is not limited to good taste, which is the primary objective of our confectionery and food products. We are equally committed to supplying products that are safe and reliable. The Meiji-Quality Management System (M-QMS), our exclusive quality control system, covers every step from the procurement of raw materials through the selection of packaging materials and product distribution methods. M-QMS conforms to Japan's Food Sanitation Law, ISO and HACCP standards and requires us to meet further stringent regulations, too. Combining this demanding quality control system with our sophisticated production equipment and technologies creates an even more powerful base for the outstanding product safety and reliability that are synonymous with the Meiji brand.



## Production

Carefully selected production machinery and an absolutely clean production environment are vital to the manufacture of drugs that can be used with confidence. This is why all our pharmaceutical factories use sophisticated computer management systems. These factories are the Kitakami and Gifu factories, which use synthesis and fermentation to make bulk drugs, and the Odawara factory, which produces finished drugs. With advanced manufacturing equipment and strict production supervision regulations, we can consistently supply drugs that have outstanding quality and safety.

A production building completed in May 2004 at our Odawara factory is one illustration of our commitment to using advanced facilities. This building incorporates a seismic isolation structure, a first at a pharmaceutical factory in Japan, to prevent interruptions to production activities following a major earthquake.

## Quality Control

Since drugs are vital to the preservation of good health and life, their production requires an extremely high level of quality control and management activities for safety. To meet these uncompromising requirements, all Meiji Seika pharmaceutical factories adhere to the Good Manufacturing Practice (GMP) and other regulations. Furthermore, quality assurance departments that are independent of manufacturing divisions check manufacturing and quality control activities to verify compliance with all regulations. This monitoring process extends from the receipt of raw materials through final packaging and shipment.

In addition, quality assurance departments perform strict pre-shipment evaluations for finished products, as specified by 2005 amendments to Japan's Pharmaceutical Affairs Law. Along with advanced facilities and a clean production environment, the Meiji Seika Group will reinforce its ability to supply pharmaceutical products that meet the most demanding regulations for quality, safety and reliability.

# Pharmaceutical Company

## Food & Healthcare Company



Our Food and Health R&D Laboratory examines many themes in the pursuit of flavors that can excite customers and more health-related functions. Basic research focuses on materials, physical properties and other themes. We also study nutrition physiology, manufacturing processes and equipment, techniques to preserve flavors and many other research areas. These activities result in new forms of value that make possible a variety of new products.

We will continue to conduct an integrated research program that extends from basic research to product development while monitoring the changing needs of our customers. Our goal is to contribute to society in the field of food and health through these activities.

## Pharmaceutical Company



Meiji Seika performs pharmaceutical R&D activities at three research facilities.

The Pharmaceutical Research Center targets a broad range of healthcare requirements by performing R&D projects centered on antibiotics and other drugs for infectious diseases. These activities, which also involve other diseases and disorders, are aimed at creating innovative drugs that can contribute to the longevity of society.

The Bioscience Laboratory is devoted to creating antibiotics and other drug substances. Activities at this laboratory include research concerning methods to use microbes effectively and the breeding of microbes, which includes the use of genetic modification technology. This laboratory also researches fermentation metabolism to create culture production technology. All research programs seek to identify new ways to utilize the enormous potential medical benefits of microbes.

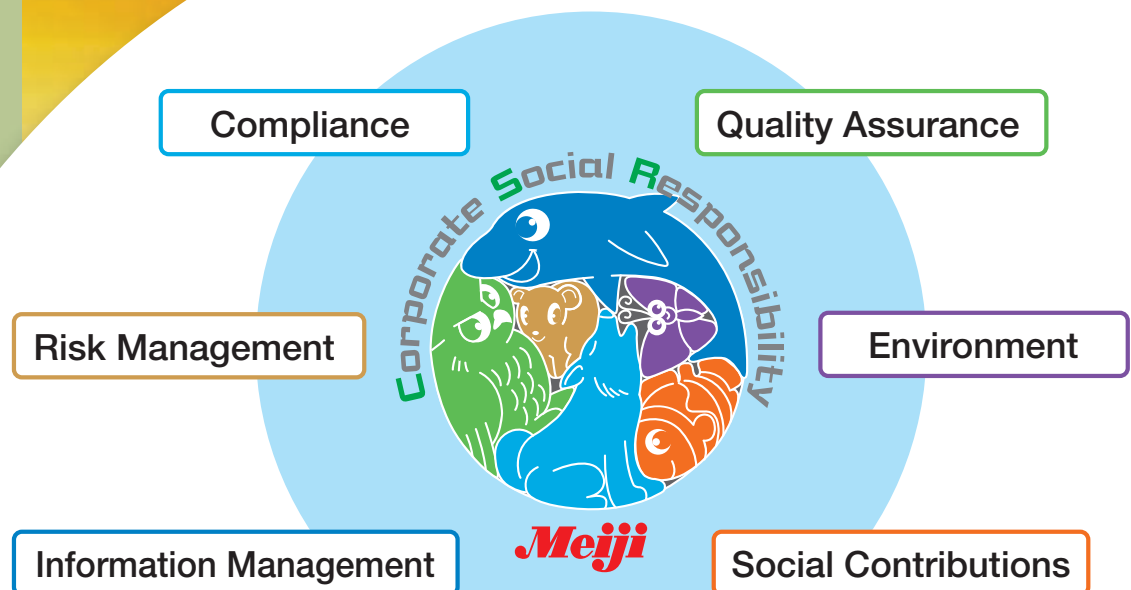
The Agricultural & Veterinary Research Laboratory studies and develops compounds produced by fermentation; a variety of synthetic substances to create new products that protect crops from disease and insects; and anthelmintic drugs to treat infectious diseases and other disorders in livestock, companion animals and fish. In addition, this laboratory develops animal feed enzymes and animal feed nutrition supplements as well as improves useful drug formulations.

## A Commitment to Six Core Activities

The Meiji Seika Group manufactures and sells food, pharmaceuticals and many other products that help people stay healthy and live longer. Due to these activities, ensuring safety and reliability is a central mission of the Group. This is why we are constantly working on preserving our reputation as a highly trustworthy organization. To reinforce our CSR programs, we established the CSR Promotion Office in 2004 and announced our commitment to six core activities: quality assurance, compliance, risk management, the environment, social contributions and information management.

Manufacturing safe and reliable products is naturally at the heart of our CSR commitment. But we also look ahead to creating a sustainable society for future generations by doing business in an environmentally responsible manner. Our Corporate Charter of Conduct is a central aspect of CSR. We would like the executives and employees of the Group to perform their jobs in line with the highest ethical standards. We are determined to make fairness and integrity the foundation for all our activities.

### CSR Six Core Activities



## Quality Assurance



### Stringent Standards to Supply Customers with Safe and Reliable Products

Providing customers with safe and reliable products is our primary responsibility. This is why every Meiji Seika employee is constantly focused on the goal of improving and maintaining the quality of our products.

In the Food & Healthcare Company, the Kanto, Tokai and Osaka factories have all earned ISO 9001 certification, an international standard for quality management systems. Furthermore, to ensure that customers can purchase our “Good Taste and Fun” Meiji confectionery products with complete confidence, we established the Meiji-Quality Management System (M-QMS). This exclusive quality assurance system, which is even stricter than the ISO 9001 standards, provides a framework for rigorous quality control activities.

The Pharmaceutical Company has established the Meiji Seika Pharmaceutical Company Reliability Assurance Guidelines to provide a framework for continuous improvement and assurance of reliability in every product. This includes pharmaceuticals, veterinary drugs, agricultural chemicals and all other products. We apply these guidelines to activities extending from R&D programs to manufacturing, distribution and even the dissemination of information about our products.

the preservation of good health and life. The provision of products that excel in terms of safety and quality is therefore our most important mission and obligation to society.

As one way to fulfill this mission and obligation, we established the Compliance Committee in October 2002. This was followed in January 2003 with the announcement of the Meiji Seika Corporate Charter of Conduct, which defines guidelines for the behavior of all employees when conducting business activities. Compliance activities are undertaken at all Meiji Seika business sites, including those of Group companies, to reinforce employees’ awareness of the importance of compliance and ensure that all laws and regulations are followed.

#### Corporate Charter of Conduct

1. We will endeavor to secure sound profits.
2. We will offer pleasure and reassurance to our customers.
3. We will conduct fair and transparent transactions.
4. We will proactively disclose information.
5. We will continue to operate with integrity.
6. We will properly handle confidential information and intellectual property.
7. We will proactively confront environmental issues.
8. We will respect each other’s individuality and manifest our motivation and skills to their utmost potential.
9. We will strive to be a good corporate citizen.
10. We will contribute to the development of each related country and region.

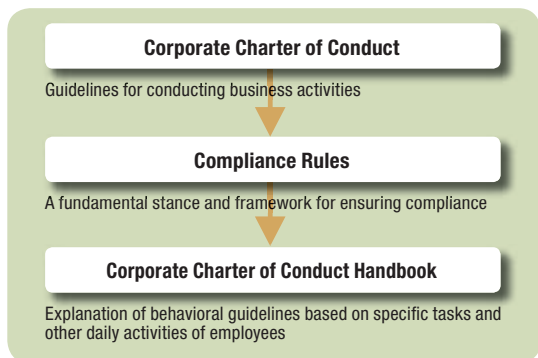
## Compliance



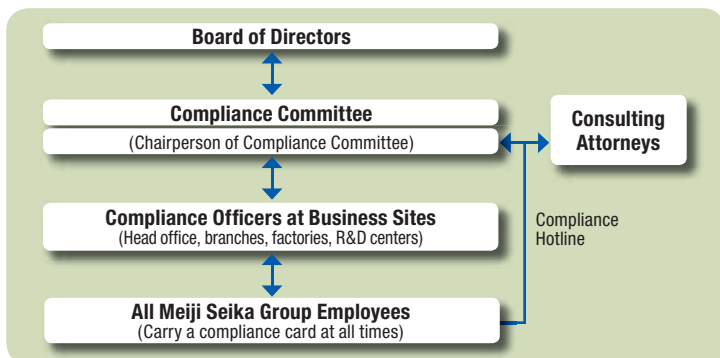
### Dedicated to Performing Our Jobs with an Even Greater Commitment to Compliance and Ethics

The Meiji Seika Group manufactures and sells food and pharmaceutical products that are closely linked to

#### Compliance Guidelines



#### Compliance Oversight and Execution





## Risk Management



### Swift and Accurate Responses that Match the Degree of Each Risk

The Meiji Seika Group has two core businesses: food and pharmaceuticals. As a result, our operations are susceptible to a broad range of risks. In January 2004, we created a team to establish risk management systems with a cross-sectional view for the entire Company. The team examined 10 categories of external risks, including risks involving products, the environment, transactions and alliances, compliance, information, and natural disasters. Based on these examinations, the team produced manuals for conventional risk management procedures as well as for actions to take if a crisis occurs.

In addition, Meiji Seika has established a framework for responding appropriately to crises. Our manual sets forth procedures for identifying the cause of the emergency, preventing secondary damage and losses, determining countermeasures, making public announcements, and performing other tasks.

## Environment



### Actions Aimed at Lowering Our Impact on the Environment

Meiji Seika established an Environmental Philosophy and a seven-item Code of Behavior in 1994 to establish a foundation for continuous voluntary environmental conservation programs. We then formed an Environmental Committee to oversee the status of these programs and created an environmental management system. In another move to reduce our environmental impact, we established action targets for the prevention of global warming. These targets are based on the carbon dioxide emission reduction goals established by the Kyoto Protocol. To reach these targets, we created medium-term and single-year goals for many aspects of our environmental activities. For example, we have specific goals for energy conservation, reducing waste materials (including reducing and recycling waste materials produced by offices), and the proper management of chemicals. Business sites with particularly high environmental impacts have received ISO 14001 certification for their environmental management systems and are working in many ways to protect the environment.

## Social Contributions



### Factory Tours Open to the Public

As part of our activities to stay in close touch with communities, the Meiji Seika Group offers tours of factories and other business sites. Routes for tours to learn manufacturing processes have been established at the Kanto, Tokai and Osaka factories, which make confectionery products. These three factories welcome about 50,000 visitors every year, ranging from families to school social studies outings. We are now working on ways to offer “memorable factory tours” for the purpose of creating even more Meiji Seika fans.

### Assistance for Victims of Natural Disasters

Meiji Seika made contributions of money, pharmaceuticals and food totaling about ¥65 million to assist victims of the May 2006 West Java earthquake in Indonesia and about ¥140 million to assist victims of the May 2008 earthquake in China’s Sichuan province. We also made a donation to Myanmar to help cyclone victims.

## Information Management



### Extensive Information Disclosure Activities

Meiji Seika conducts many investor relations activities in order to supply customers, shareholders, other investors and all other stakeholders with a broad range of corporate information. Furthermore, the Meiji Seika Group has established a Disclosure Policy to ensure that information is announced in a manner that is both timely and appropriate.

### Upgrading Information Management

Many actions are under way at Meiji Seika to upgrade information security throughout the Company. We have established an Information Management Committee to oversee the proper management at the corporate level of confidential and personal information. This committee is at the center of measures to tighten rules associated with information management, strengthen security measures involving computers, and train employees and ensure that they always follow procedures in manuals.

# Corporate Governance and Internal Control Systems

## Corporate Governance

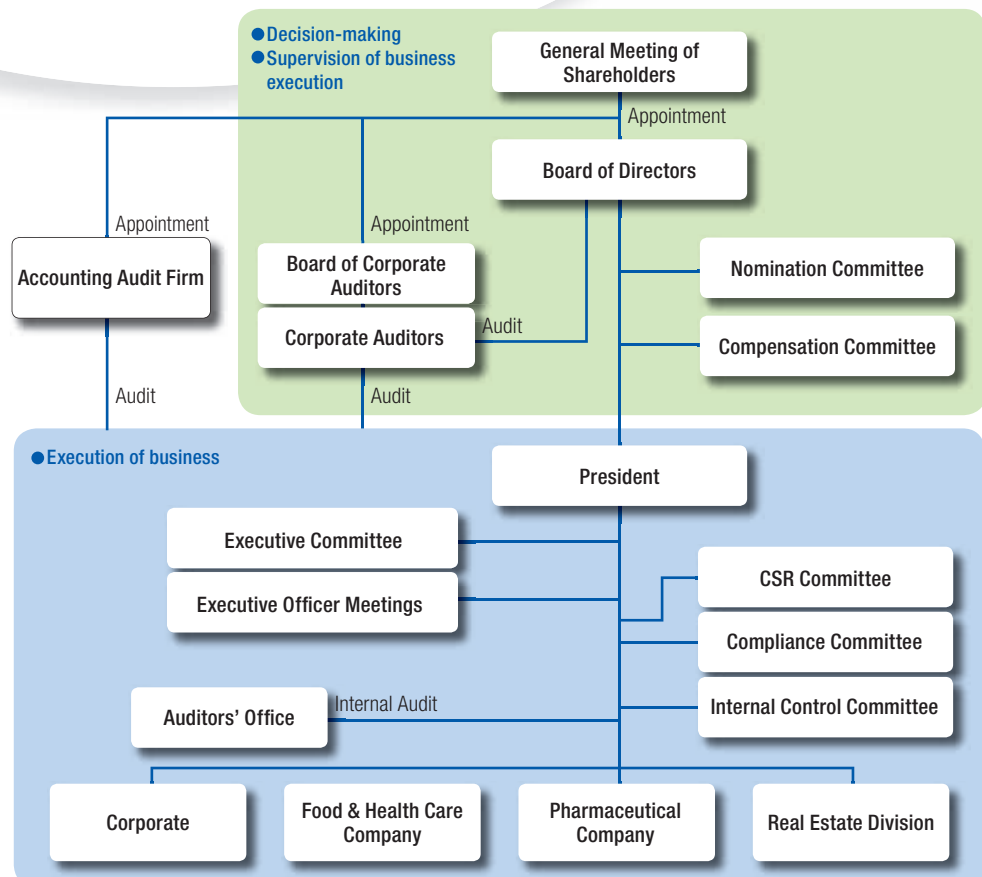
Meiji Seika will continue to improve corporate value by strengthening its corporate governance systems. We are also implementing fast and reliable decision-making processes and preserving the transparency of management activities.

Executive officers are responsible for business execution activities. This system allows the Board of Directors to focus exclusively on making decisions on important management issues for the entire Group and supervising the execution of business activities. We have two outside directors, who have wide-ranging knowledge and experience, to provide objective and diverse viewpoints with regard to supervisory functions and decision-making. Advisory committees that include outside directors afford even greater management transparency and objectivity. The Nomination Committee submits recommendations for candidates for director and executive officer positions to the Board of Directors. The Compensation Committee evaluates the performance and submits compensation of directors and executive officers. Meiji Seika has adopted a corporate auditor system. The Board of Corporate Auditors has four members, including two outside members, to provide a powerful supervisory function.

We have also established the CSR Committee, which discusses and determines our fundamental policy and other items concerning CSR. The committee's goal is to make our CSR philosophy an integral element of operations at all Meiji Seika Group companies.

We will continue to take more actions to further improve our management and administrative systems in order to make our corporate governance systems even more effective.

### Corporate Governance Structure



# Takeover Defense Measures

Meiji Seika established Countermeasures for Large-scale Purchases of Company Stock, Etc. (Takeover Defense Measures) in accordance with a resolution that was approved at the 148th general meeting of Shareholders held on June 27, 2007.

The takeover defense measures contain a set of rules to be observed by a large-scale purchaser that proposes to acquire 20% or more of Meiji Seika's shares or other securities. The Meiji Seika Board of Directors can determine to exercise countermeasures, including the allotment of stock acquisition rights without contribution, in the case that a large-scale purchaser does not comply with the rules or in the case that the acts of such party, though complying with rules, are considered to be significantly harmful to the Company's corporate value as well as the common interests of shareholders. Meiji Seika will establish a Special Committee that is independent of the Board of Directors. To ensure that the committee reaches decisions from a fair and neutral perspective, the members of this committee are to be appointed from individuals who have no specific interests with Meiji Seika.

In the event of a proposed large-scale purchase, the party will first be asked to provide in advance an adequate amount of designated information. The Special Committee will examine and evaluate such information within 90 days, in principle, and will submit a recommendation to the Board of Directors concerning the exercise of countermeasures. The Board of Directors will then make the final decision regarding exercise of the countermeasures, while observing to the greatest extent possible the recommendation of the Special Committee.

The takeover defense measures are effective for a period of three years. The measures will expire at the close of the general meeting of shareholders to be held in 2010.

## Board of Directors, Executive Officers and Corporate Auditors

BOARD OF DIRECTORS	EXECUTIVE OFFICERS		CORPORATE AUDITORS
<i>Members of the Board</i>	<i>President</i>	<i>Vice Presidents</i>	<i>Senior Corporate Auditor</i>
Naotada Sato*	Naotada Sato	Fumio Yokomichi	Riichi Fukui
Akio Takahashi*	<i>Senior Executive Vice President</i>	Yukio Nakamura	<i>Corporate Auditors</i>
Masahiko Matsuo	Akio Takahashi	Ryoji Kono	Chikao Morishima
Harunobu Tsukanishi	<i>Executive Vice Presidents</i>	Shinji Nakadori	Kenichi Yamaguchi ( <i>outside</i> )
Masayuki Matsunaga	Masahiko Matsuo	Ikuo Aramori	Nobukuni Hoshino ( <i>outside</i> )
Hirobumi Mori	Harunobu Tsukanishi	Haruo Komatsu	(As of June 27, 2008)
Yoshihiko Mizoguchi	<i>Senior Vice Presidents</i>	Ryuzo Asada	
Hidetoshi Yajima ( <i>outside</i> ) (Chairman of Shimadzu Corporation)	Masayuki Matsunaga	Yoshio Shimoda	
Tadashi Kudo ( <i>outside</i> ) (Former President & CEO, advisor of Mizuho Bank, Ltd.)	Hirobumi Mori	Motoharu Kinoshita	
* Representative Director	Yoshihiko Mizoguchi	Akio Kamisaka	
	Osamu Makabe	Fumiyasu Furukawa	
	Hideki Takahashi	Junichi Otani	
	Toyomi Sato	Shoji Kambe	
	Sadaaki Komura	Yasushi Murai	
	Hitoshi Uchida	Michiro Saza	

# Internal Control Systems

Meiji Seika has established the following fundamental policy concerning “the systems needed to ensure that the directors perform their duties in compliance with laws, regulations and the articles of incorporation, and to ensure that other business operations of the company are performed properly” (Internal Control Systems, hereafter) as prescribed by laws and regulations.

## 1. Systems to ensure that directors, executive officers and other employees perform their duties in compliance with laws, regulations and the articles of incorporation

- (1) Meiji Seika has established the Corporate Charter of Conduct that contains guidelines for conducting the business activities of directors, executive officers and other employees. In addition, we have established Compliance Rules for the purpose of prescribing fundamental rules concerning items required to build the system (Compliance System, hereafter).
- (2) Meiji Seika has named a director to oversee compliance and established the Compliance Committee that reports directly to the Company President and is chaired by the general manager of the Personnel and General Affairs Division. This committee is responsible for building the Compliance System.
- (3) Meiji Seika has established the Compliance Hotline. This internal reporting system, which includes a link to external attorneys, is intended to help discover compliance problems quickly as well as to prevent these problems from occurring.

## 2. Systems for storing and managing information concerning the performance of duties by the directors

- (1) Meiji Seika has established Document Handling Rules to prescribe fundamental rules for the Compliance System. These rules cover the items required to properly manage, store and dispose of information and documents concerning duties performed by directors based on a prescribed period of years. In addition, we maintain a database containing such information and documentation in order to permit rapid searches for its existence, locating particular items and to confirm the status of information management and storage.
- (2) Meiji Seika has established Confidential Information Management Rules that cover the items required to ensure the proper handling of confidential information over the performance of director’s duties.

## 3. Rules and systems concerning management of risks that may cause losses

- (1) Meiji Seika has identified 10 categories of major risks including the risk of contamination by foreign substances in products, the risk of deterioration of product quality, and other items, and has established systems to manage each of these risks.
- (2) Meiji Seika has named a director to oversee the management of these risks and established the CSR Committee that reports directly to the Company President, and is chaired by this director. This committee is responsible for building the risk management system.
- (3) Meiji Seika has established Escalation Rules that prescribe standards for dealing with an emergency as well as a Crisis Response Manual that sets forth specific procedures to follow. This ensures that we can respond immediately and appropriately to a crisis.

## 4. Systems to ensure that the directors perform their duties efficiently

- (1) For the oversight of business plans, Meiji Seika has established management policies for medium-term management plans and for each fiscal year. Every line of business operation uses the Strategic Organization Target Management System, which is based on the management policies, to establish specific targets and work toward reaching the targets. In addition, the status of progress made toward meeting targets and the final results are to be checked in an appropriate manner.
- (2) For the oversight of the execution of business operations, Meiji Seika has established Regulations for the Board of Directors and related Standards for Items to be reviewed by the Board of Directors. These regulations and standards define which items that must be submitted to and reviewed by the Board of Directors. Regarding other items, appropriate delegation of authority and decision-making should be conducted in accordance with the Office Regulations and related Job Function Table. In addition, Meiji Seika uses the executive officer system and internal company system in order to provide a framework for immediate decision-making and efficient business operations.

## **5. Systems to ensure proper business activities at Meiji Seika and its Group companies (subsidiaries)**

- (1) A director has been named to be in charge of the promoting the establishment of a compliance system at every Meiji Seika consolidated subsidiary. Each subsidiary also defines a department that is responsible for compliance. In addition, the subsidiaries create compliance systems that are based on the Meiji Seika compliance system while also reflecting the unique requirements of each subsidiary.
- (2) Subsidiaries consult with Meiji Seika prior to reaching decisions concerning items that are prescribed as important matters.

## **6. Systems to ensure appropriateness of documents and other information over financial reporting at Meiji Seika and its Group companies**

- (1) Meiji Seika has established the Internal Control Committee that reports directly to the Company President and is chaired by a director in charge of finance. This Committee is responsible for building the system for financial reporting.
- (2) Business sites are selected based on their materiality with regard to financial reporting. These sites then perform self-reviews to verify that their financial reports conform to Company-wide controls and business process controls. Results of these self-reviews are submitted to the Internal Controls Committee.
- (3) The Internal Control Committee uses reports from business sites to assess the status of internal controls.

## **7. Items concerning employees to assist Corporate Auditors and the independence of such employees of the directors**

Meiji Seika will consider the establishment of a department or the assignment of individuals solely for the purpose of assisting the Corporate Auditors in performing their duties. This process will incorporate the future audit policies, the use of a department or individuals for assisting Corporate Auditors at other companies, and other factors. Until a decision is reached, the Auditing Department, which is responsible for internal audits, the Legal Affairs Department and other associated departments will continue to assist the corporate auditors as requested.

## **8. Systems and other matters for submitting reports to the Corporate Auditors from directors, executive officers and other employees**

- (1) Directors, executive officers and other employees must submit reports and information as requested by the

Corporate Auditors in accordance with the Regulations for the Board of Corporate Auditors.

- (2) The Senior Corporate Auditor and Auditing Department hold regular Corporate Auditor Communication Meetings for the purpose of sharing information.

## **9. Systems to ensure the effectiveness of other audits by the Corporate Auditors**

- (1) Meiji Seika ensures that Corporate Auditors attend the Board of Directors' and other important meetings. Upon request, the Corporate Auditors are provided with material approved documents and instruments.
- (2) The representative director of Meiji Seika, in accordance with Regulations for the Board of Corporate Auditors, periodically attends meetings of this board to exchange opinions concerning matters required to improve the effectiveness of the auditing system. This helps strengthen the mutual understanding of goals and issues by the representative director and Corporate Auditors.

## **10. Fundamental approach to the elimination of anti-social elements and status of actions**

In its Corporate Charter of Conduct, Meiji Seika has established a standard of conduct for its directors, executive officers and other employees with regard to the elimination of anti-social elements. The charter states that "we will absolutely refuse to deal with anti-social individuals and groups that have a negative effect on social order and sound corporate activities." Accordingly, our fundamental policy is to have no relationships whatsoever with anti-social elements.

With regard to specific actions, the Legal Affairs Department of the Personnel and General Affairs Division is responsible for controlling measures involving anti-social elements. This department remains in close contact with consulting attorneys, the Metropolitan Police Departments and other police departments. The Legal Affairs Department is also setting up an emergency reporting system. In addition, as a member of the Police Inside Special Violence Prevention Countermeasures Federation, Meiji Seika assists in collecting information concerning the activities of anti-social elements.

Furthermore, the Personnel and General Affairs Division, along with other departments, reminds employees to be on the lookout for anti-social behavior, conducts seminars, and performs other activities. The objective is to raise awareness among employees of the need to eliminate anti-social behavior.



Naotada Sato  
President

## Sales Reach Record Level for Third Consecutive Fiscal Year

With a motto of “Good taste and Fun, Health and Reliability,” we, the Meiji Seika Group, aim to make “Meiji” a brand that is trusted and loved by consumers throughout the world. With this in mind, the Group designed its “DASH!08,” a medium-term business plan, which covers the period through the end of fiscal 2008, ending March 31, 2009, and the Group is exerting its fullest efforts to execute this plan.

During the second year of “DASH!08,” fiscal 2007, ended March 31, 2008, the business environment was challenging due to increases in raw material prices and other factors. Within this environment, we made aggressive strategic investments in the areas of “Healthcare business,” “Generic drugs” and “Overseas operations,” which we have designated as priority areas for expansion. At the same time we developed new products and implemented marketing activities to promote existing brands in our confectionery business, and conducted active sales programs in our pharmaceuticals business. As a result, net sales rose 2.8% over the previous fiscal year to ¥404,711 million, which is an all-time high, making fiscal 2007 the third year in a row in which we have broken our net sales record. We believe this is a reflection of the high marks that we have earned from consumers and customers. We are proud of this achievement and believe it will provide strong momentum for our business activities in the future. By principal business segment, sales of the Food & Healthcare Company rose 2.5%, to ¥288,386 million and sales of the Pharmaceutical Company rose 3.3%, to ¥113,260 million. We believe that, as a result of these gains in sales, this was a year in which we increased our presence in both of these business domains.

Profitwise, our operating income increased 1.1% to ¥12,725 million and net income 13.9% to ¥6,240 million because of the total sales increase and the large profit contribution of the Pharmaceutical Company.



# Management Issues to be Addressed in the Medium-Term and Prospects for the Future

During fiscal 2007, we implemented a growth strategy in our Food & Healthcare Company to develop new demand among customers. In our Pharmaceutical Company, we established a strong operation base, focusing on enhancing profitability. Thus we have taken initiatives to attain a good balance between aggressive and defensive activities in both of these companies.

Fiscal 2008 is the final year of the “DASH!08” medium-term business plan. We have set targets for this year of ¥420 billion in net sales and ¥11 billion in operating income. These targets take into account the changes in the external environment resulting from higher raw material prices. These soaring prices have been substantially greater than our forecasts and they remain at a level hard to compensate for solely by internal efforts such as increasing productivity and cutting costs. During fiscal 2007, we absorbed the rise in raw material costs due to an increase in profits which resulted from a sales increase, and by cutting costs. However, beginning in February 2008, we took steps for the revision of pricing and the revision of unit package volume of certain products. In the future, we will work to secure profitability through revising trade terms including shipping price renewal as well as further substantial reductions in costs.

We are looking to our Food & Healthcare Company to drive expansion in sales. In the confectionery business, we are developing high value-added confectionery products to stimulate demand, not only among children but also among adults, and thereby continue to appeal to a broad range of age groups. Along with these initiatives, we will aim to expand our market share and increase profit margins, principally in the three priority categories of chocolate, chewing gum and candy.

In addition, to expand our confectionery business we will focus on store sales at “100% Chocolate Cafe.,” our direct operating premium chocolate outlet and its e-commerce business, which are parts of our sweets business.

In the Healthcare business, we will strengthen our core brands, AMINO COLLAGEN and SAVAS and we will further develop products that are distinguished from those of competitors as well as develop sources of growth for e-commerce business. In addition, through our MEIJI SPORTS PLAZA Ltd., which we are developing under the concept of “integration of nutrition and sports,” we will seek to support our members in both exercise and nourishment. In these business areas, we are working to develop a unique business model to expand and develop these activities from a more comprehensive fitness perspective rather than just from the perspective of providing a venue for exercise and sporting activities.

In addition, in January 2008, we acquired 22.12% of the equity of POKKA CORPORATION (POKKA), and at the same time signed on a comprehensive capital and business alliance agreement. POKKA has become our affiliated company accounted for by the equity method. We will use this alliance with POKKA as an opportunity



SAVAS SPORTS CLUB DELTA (Osaka)

to accelerate our initiatives to develop a position in the beverage business, with a focus on products that achieve specific health benefits and meet individual tastes and needs. Through our strategic alliance with POKKA, we will seek to realize synergies in a wide range of areas, from joint product development to mutual subcontracting of production. Over the next three years, we are expecting POKKA to contribute ¥10 billion to sales.

In the Pharmaceutical business, performance during fiscal 2008 will be influenced by drug price revisions, but we will continue to create systems that can withstand reductions in medical expenditures and take thorough measures to reduce costs to reform our earnings structure. We will implement the concept of the “Specialty and Generic Pharmaceutical Company” and will focus our marketing capabilities on our two core domains: treatment for infectious diseases and treatment for the central nervous system (CNS). In particular, we will increase the number of medical representatives (MRs) for the CNS domain as a new product is scheduled to be launched in this field next year. In the generic drug business, the market is expanding due to medical expenditure restraints, and we are prepared to take full advantage of our marketing capabilities. We are striving to further upgrade and strengthen our business base by expanding our products portfolio with drugs that feature reliable quality and usability, using communication capabilities superior to competitors who specialize in generic drugs, benefiting from a cost advantage in production by drawing

on our overseas production centers (including Thai Meiji Pharmaceutical Co., Ltd.), and adopting other measures. In addition, in July 2008, we are scheduled to launch sales of AMLODIPINE, a drug for the treatment of circulatory system disorders. Through these various activities, we are working to attain the sales target of ¥10 billion that we set in our medium-term business plan. Moreover, we are strengthening our product lineup and working to further increase sales through tie-ups with other drug companies.

In our overseas operations, we are aiming for 20% of our total sales at an early date by expanding our sales, principally in China, Southeast Asia, Europe and the United States. In the Food & Healthcare Company, the two companies in Shanghai that recently became consolidated subsidiaries are not yet contributing to income. However, we are working to turn them into earnings generators by expanding the scope of their operations to include acting as product supply centers for Asian markets. In the Pharmaceutical Company, sales of our core product, MEIACT, an anti-infective positioned as a strategic international product, are expanding, and that product’s presence overseas is growing stronger. We will continue to focus on expanding overseas sales, principally of MEIACT.

As we move ahead with the development of our businesses, quality will be an important indication of safety and reliability. To further enhance the image of the Meiji brand, we are working to substantially strengthen our quality management systems.





# Aiming to Increase Meiji's Corporate Value



During fiscal 2008, which will be the final year of the “DASH!08” medium-term business plan, our objective is to be a more competitive and dynamic company. Our most important goal is to establish a business model that draws on our strengths as a company which is engaged in both the food product and pharmaceutical businesses. Under our next medium-term business plan, we will implement measures to draw on our product development capabilities to the maximum extent possible and work to develop new markets as well as create high value-added, high margin products. We will also endeavor to further advance our Meiji Production System (MPS), including our logistics functions and the activities of our affiliated companies, as well as review the practices of the confectionary industry and work to create frameworks in which the industry as a whole can secure appropriate profits.

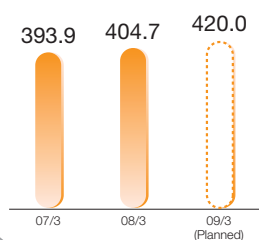
In regards to cash dividends, we have set a basic policy to maintain stable dividend payments in the medium-to long-term. For fiscal 2007, we declared a cash dividend of ¥7 per share. We exert ourselves to respond to the expectations of our shareholders by enhancing the corporate value of the Meiji Seika Group and we will work to increase our earnings in the future. We have set 30% as our target dividend payout ratio, and we plan to invest in buybacks and keep these shares as treasury stock in order to further raise shareholder returns.

The operating environment of the Meiji Seika Group is undergoing major changes, and attaining the quantitative targets of our medium-term business plan is still challenging. However, we are going to tackle the challenges confronting us. The management and staff of the Meiji Seika Group will continue to work together to attain our goals. We look forward to your continued understanding and support in the future.

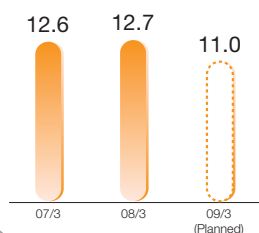
August 2008

Naotada Sato  
President

Net Sales under  
“DASH!08” (¥ Billions)



Operating Income under  
“DASH!08” (¥ Billions)



<b>Corporate Data</b>	<b>Number of Employees:</b>	3,804
	<b>Stock Listing:</b>	Tokyo
	<b>Authorized Common Stock:</b>	796,104,000
	<b>Shares Issued and Outstanding:</b>	385,535,116
	<b>Number of Shareholders:</b>	72,193

## Overseas Offices and Affiliates

### [AMERICAS]

**D.F. Stauffer Biscuit Co., Inc.**  
Belmont and Sixth Avenue, York,  
PA 17403, U.S.A.  
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Facsimile: 1-717-854-2387

**Laguna Cookie Company Inc.**  
4041 West Garry Avenue. Santa  
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Telephone: 1-714-546-6855  
Facsimile: 1-714-556-2491

**Mecor. Inc.**  
600 Corporate Circle, Suite H  
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**Five Stars Dairy Ingredients  
Pte. Ltd.**  
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# ● A History of Innovation and Growth

## Company

## Food & Healthcare

## Pharmaceutical

1916	Established Tokyo Confectionery Co., Ltd., the predecessor of Meiji Seika Kaisha, Ltd.		
1917		Okubo factory started producing caramel and biscuits	
1918		Sales of chocolate products began	
1924	Changed name to Meiji Seika Kaisha, Ltd.		
1926		Started selling MILK CHOCOLATE and cocoa; launched the food business	
1946			Launched the pharmaceutical business by starting production of penicillin
1961			Completed the Central Research Laboratory (now the Pharmaceutical Research Center) Started sales of ISODINE, a topical antiseptic
1962		Started sales of ALMOND CHOCOLATE	
1968		Started sales of KARL, Japan's first snack confectionery product	
1971		Started sales of CHELSEA, a new type of candy	
1974	Established joint venture Meiji Seika (Singapore) Private, Limited Established joint venture PT. Meiji Indonesian Pharmaceutical Industries		
1975			Started sales of the fungicide ORYZEMATE
1979	Established joint venture Thai Meiji Pharmaceutical Co., Ltd.		
1980		Started sales of the SAVAS series of nutritional supplements for athletes	
1983		Started sales of ISODINE GARGLE	
1984		Started sales of MEIOLIGO, a syrup using the artificial sweetener fructooligo saccharide (FOS)	Started sales of the herbicide HERBIACE
1985	Established U.S. joint venture Stauffer-Meiji		
1988		Started sales of KAJU GUMMY	
1989	Established Huaming Pharmaceuticals Co., Ltd. of Shantou, S.E.Z. (currently Shantou Meiji SEZ Pharmaceuticals Co., Ltd.) in China	Established the Biological Sciences Laboratory and Food Development Laboratory (currently the Food and Health R&D Laboratory)	Started sales of the anti-anxiety drug MEILAX
1990			Started sales of the antibiotic HABEKACIN
1991	Invested in Tedec Zambelletti, S.A. (currently Tedec-Meiji Farma, S.A.)		
1993	Established GUANGZHOU MEIJI CONFECTIONERY CO., LTD.		
1994		Started sales of GINZA CURRY	Started sales of the antibiotic MEIACT
1995	Completed construction of the Solid Square office building in Kawasaki		Launched generic drug business
1997		Started sales of XYLISH, a chewing gum with the sugar substitute xylitol	
1998	Adopted the internal company system	Started sales of CHOCOLATE KOUKA	
1999		Started sales of FRAN, an innovative chocolate snack	Started sales of the antidepressant DEPROMEL
2001	Adopted the executive officer system	Established the Healthcare Company	
2002		Started sales of AMINO COLLAGEN	Started sales of the antibiotic OMEGACIN and the synthetic anti-infective SWORD
2003	Established Meiji Lukang Pharmaceutical Co., Ltd.	Started sales of the premium cocoa THEOBRO	
2004	Completed new head office building at Kyobashi in Tokyo Established Meiji Seika (Shanghai) Co., Ltd.	Opened "100% Chocolate Cafe." at the Tokyo head office	
2005	Established Meiji Seika Food Industry (Shanghai) Co., Ltd.	Established the Food & Healthcare Company	
2006		Started sales of GF2 POWDER, a new sweetener that cannot be absorbed as sugar in the blood Started sales of CHOCOLIFE, a premium chocolate product Opened SAVAS SPORTS CLUB DELTA in Osaka	
2007		Started sales of HOKKAIDO CHOCO POTATO	
2008	Established a business and capital alliance with POKKA CORPORATION		

# Six-Year Summary

Meiji Seika Kaisha, Ltd. and its Consolidated Subsidiaries

	Millions of yen					
	2008/3	2007/3	2006/3	2005/3	2004/3	2003/3
<b>For the Year:</b>						
Net sales	<b>¥404,711</b>	¥393,853	¥382,429	¥364,018	¥368,865	¥353,453
Food & Healthcare*1	<b>288,386</b>	281,272	264,410	251,860	257,315	245,838
Pharmaceutical	<b>113,260</b>	109,668	115,388	109,530	108,504	103,037
Office building leasing	<b>3,064</b>	2,912	2,630	2,627	2,706	3,041
Others	<b>—</b>	—	—	—	338	1,535
Operating income	<b>12,725</b>	12,584	16,460	8,717	7,881	5,503
Net income (loss)	<b>6,240</b>	5,480	8,678	(8,240)	348	2,670
Capital expenditures	<b>21,783</b>	17,395	14,394	19,827	16,537	13,260
Depreciation and amortization	<b>15,508</b>	14,655	14,976	14,750	13,892	15,086
R&D costs	<b>14,766</b>	15,926	16,578	16,852	16,688	17,738
<b>Per Share Data:</b>						
Net income (loss)	<b>¥ 16.46</b>	¥ 14.39	¥ 22.41	¥ (21.53)	¥ 0.79	¥ 6.83
Cash dividends	<b>7.00</b>	7.00	10.00	7.00	7.00	7.00
Net assets*2	<b>399.01</b>	419.62	413.53	377.78	403.33	395.31
<b>At Year-End:</b>						
Total assets	<b>¥348,609</b>	¥351,514	¥348,281	¥339,848	¥330,059	¥317,798
Total net assets	<b>155,111</b>	162,763	160,659	147,445	156,990	154,708
<b>Ratios (%):</b>						
ROE	<b>4.0</b>	3.5	5.7	—	0.2	1.7
ROA	<b>1.8</b>	1.6	2.5	—	0.1	0.8
Equity ratio*3	<b>43.4</b>	45.3	45.3	42.6	46.8	47.9

Notes: 1. The figures for Food & Healthcare from 2003/3 to 2005/3 are based on the combined results of the Food Company and Healthcare Company.

2. Net assets per share=(Total net assets–Minority interests) / (Number of shares issued–Number of treasury stock)

3. Equity ratio=(Total net assets–Minority interests) / Total assets

# ● At a Glance

## Food & Healthcare Company

Share of Fiscal 2007	Market Position	Target of Fiscal 2008	Strategies
71.3%	<ul style="list-style-type: none"> <li>● Japan's number one chocolate brand</li> <li>● Strengths in confectionery, candy and chewing gum</li> <li>● Expanding cocoa, retort-pouch and other food categories</li> <li>● Comprehensive quality assurance system for safe, reliable products</li> <li>● ISODINE OTC throat gargle 56.0% market share</li> <li>● Ties with top athletes supported by Sports and Nutrition Laboratory</li> </ul>	<ul style="list-style-type: none"> <li>● Supply more appealing products and increase market share</li> <li>● Establish new business model centered on healthy life</li> <li>● Net sales: ¥304 billion</li> </ul>	<p><b>Confectionery</b></p> <ul style="list-style-type: none"> <li>● Reinforce sales channel specific initiatives based on brand strategies</li> <li>● Extend business activities to chilled-and-serve, e-commerce and other new market sectors</li> </ul> <p><b>Healthcare</b></p> <ul style="list-style-type: none"> <li>● Strengthen and develop core health food brands</li> <li>● Use catalog sales and specialty sales routes to enlarge sales channels</li> <li>● Create health business that integrates food and sports</li> </ul> <p><b>Overseas</b></p> <ul style="list-style-type: none"> <li>● Strengthen overseas businesses</li> <li>● Establish production and sales networks in China</li> <li>● Establish presence in new markets in Asia</li> </ul>

## Pharmaceutical Company

Share of Fiscal 2007	Market Position	Target of Fiscal 2008	Strategies
28.0%	<ul style="list-style-type: none"> <li>● Strong lineup of anti-infectives</li> <li>● Lineup of central nervous system drugs with high demand growth potential in Japan</li> <li>● Expanding range of high-quality, reasonably priced generic drugs</li> <li>● Strong market presence in agricultural chemicals and veterinary drugs</li> </ul>	<ul style="list-style-type: none"> <li>● Establish "specialty and generic pharmaceutical" business</li> <li>● Net sales: ¥113 billion</li> </ul>	<p><b>Ethical pharmaceuticals</b></p> <ul style="list-style-type: none"> <li>● Increase sales by enhancing sales capabilities and bolstering LCM</li> <li>● Concentrate on high-priority R&amp;D projects, control total costs and expedite project results</li> </ul> <p><b>Generic drugs</b></p> <ul style="list-style-type: none"> <li>● Expand product lineup</li> <li>● Conduct promotional activities using all MRs to grow business</li> </ul> <p><b>Agricultural chemicals and veterinary drugs</b></p> <ul style="list-style-type: none"> <li>● Establish a stronger presence in drugs and nutrition supplements</li> </ul> <p><b>Overseas</b></p> <ul style="list-style-type: none"> <li>● Enhance appeal of MEIACT and launch product sales in new markets</li> <li>● Reinforce production and sales networks for business expansion in China</li> </ul>

## Office Building Leasing & Others

Share of Fiscal 2007	Market Position	Target of Fiscal 2008	Strategies
0.7%	<ul style="list-style-type: none"> <li>● Strong tenant support of Solid Square intelligent building</li> </ul>	<ul style="list-style-type: none"> <li>● Raise property asset value by increasing occupancy rate</li> </ul>	<ul style="list-style-type: none"> <li>● Focus on attracting new tenants</li> </ul>

Note: Fiscal 2007; Year ended March 31, 2008  
Fiscal 2008; Year ending March 31, 2009

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